

**CITY OF ALTA VISTA
WABAUNSEE COUNTY, KANSAS
INDEPENDENT AUDITORS' REPORT AND
REGULATORY BASIS FINANCIAL STATEMENT
YEAR ENDED DECEMBER 31, 2012**

**ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS 66846**

City of Alta Vista
Wabaunsee County, Kansas

REGULATORY BASIS FINANCIAL STATEMENT
Year Ended December 31, 2012

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Independent Auditors' Report

Mayor and City Council
City of Alta Vista, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Alta Vista, Kansas as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the City of Alta Vista, Kansas prepared this financial statement to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on the U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Alta Vista, Kansas, as of December 31, 2012, or the changes in its financial position or cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Alta Vista, Kansas, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. As part of this presentation, certain prior year comparative information has been derived from the City's 2011 financial statements and, in our report dated August 30, 2012, we expressed an unqualified opinion on the respective basic financial statements, taken as a whole, on the regulatory basis of accounting. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Aldrich & Company, LLC

Aldrich & Company LLC
Certified Public Accountants

October 28, 2013

The City of Alta Vista
Wabaunsee County, Kansas

Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior year Cancelled Encumbrance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 78,995	\$ 7,000	\$ 144,889	\$ 115,741	\$ 115,143	\$ 13,720	\$ 128,863
Special Purpose Funds							
Special parks	1,808	0	185	1,207	786	157	943
Special highway	72,238	0	11,490	0	83,728	0	83,728
Equipment reserve	52,229	0	0	27,100	25,129	0	25,129
Capital improvements	12,921	0	0	0	12,921	0	12,921
Bond and Interest Fund							
Bond and interest	13,074	0	0	0	13,074	0	13,074
Capital Projects Fund							
Water system improvements	162,121	0	122,366	99,619	184,868	0	184,868
Business Funds							
Gas utility	432,104	0	187	23,000	409,291	0	409,291
Sewer utility	5,350	0	91,573	92,857	4,066	2,818	6,884
Sewer reserve	30,000	0	3,000	0	33,000	0	33,000
Water utility	26,728	0	109,798	109,183	27,343	5,771	33,114
Refuse utility	4,690	0	29,941	29,919	4,712	2,468	7,180
Total Reporting Entity	<u>\$ 892,258</u>	<u>\$ 7,000</u>	<u>\$ 513,429</u>	<u>\$ 498,626</u>	<u>\$ 914,061</u>	<u>\$ 24,934</u>	<u>\$ 938,995</u>

Petty Cash	\$ 25
Alta Vista State Bank	
Regular checking	482,837
Grant account	231,133
Certificates of deposit	225,000
Total reporting entity	<u>\$ 938,995</u>

The notes to the financial statement are an integral part of this statement.

City of Alta Vista
Wabaunsee County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant accounting policies are described below.

Financial Reporting Entity

The City of Alta Vista is a governmental entity and operates as a third class city under a Mayor-Council form of Government. The City provides the following services: public safety (police and fire), streets, recreation, public improvements, planning and zoning and general administrative services. In addition, the City owns and operates three enterprise activities; water, sewer, and trash utilities.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

Governmental Funds:

General Fund The General Fund is the chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Funds – Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Bond & Interest Fund – – Bond and Interest Funds are used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – Capital Project Funds are used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Funds:

Business Funds – Business Funds are financed in whole or in part by fees charged to users of the goods or services. Funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of receipts, expenses, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

City of Alta Vista
Wabaunsee County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America (Cont)

The City approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Reimbursements

The city records reimbursable expenditures in the fund that makes the disbursement and records the reimbursement as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. The water and refuse funds were amended in 2012 increasing expenditure authority from \$99,795 and \$30,400 to \$121,435 and \$32,000 respectively.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds, permanent funds, and the following special purpose funds: equipment reserve, capital improvement, and sewer reserve.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

City of Alta Vista
Wabaunsee County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONT)

Compliance with Finance-Related Legal and Contractual Obligations

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the municipality.

Management is not aware of any items of noncompliance with Kansas statutes

NOTE 3 - CASH AND DEPOSITS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The city has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S. A. 9-1402 and 9-1405.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The city has no designated peak periods. All deposits were legally secured at December 31, 2012.

Cash balances from all funds are combined and invested, to the extent possible in interest bearing accounts and certificates of deposit. All investments are stated at cost. Earnings from these investments, unless specifically designated, are allocated to the general fund. All investments are held in the City's name.

The City maintains a cash pool that is available for use by all funds. At year-end, the carrying amount of the city's deposits was \$938,970. The bank balance was \$941,970. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$481,133 was covered by FDIC insurance and \$460,837 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the city's name. The city held no other investments at December 31, 2012.

City of Alta Vista
Wabaunsee County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2012

NOTE 4 - PROPERTY TAXES

The City certifies its' budget to the county clerk annually. Using this certified budget and those of other political subdivisions within the county, the county clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20 of the same year. The second installment is due May 10 of the subsequent year. The county collects and distributes the property taxes. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the following year's operations. Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the county treasurer at year end and, further, the amounts are not material in relationship to the financial statements taken as a whole.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description – The City of Alta Vista, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4419 and 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the contribution rates for KPERS employers

NOTE 6 - WATER SUPPLY CONTRACT

The City of Alta Vista entered into a contract on July 13, 1992, with the Rural Water District No. 1, Morris County, Kansas, for the purpose of obtaining a source of water for the City. Rural Water District No. 1 is a Kansas entity formed under Kansas Statutes Annotated 82a-612. Per contract, Rural Water District No. 1 constructed a water supply and distribution system. The Rural Water District will deliver to the City potable treated water, meeting applicable quality standards of the Kansas Department of Health and Environment, a maximum daily amount not to exceed 86,000 gallons. On July 15, 1994, the Rural Water District delivered water to the City of Alta Vista. The City has no right of ownership in the fixed assets or interest in the net income or loss of the Rural Water District. The City of Alta Vista's obligation is to pay the Water District a total fixed monthly charge of \$913 and to purchase a minimum of 750,000 gallons of water per month. The rate charged to the city for water is subject to modification at the end of every year.

City of Alta Vista
Wabaunsee County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2012

NOTE 6 - WATER SUPPLY CONTRACT (CONT)

The full faith and credit of the City is not pledged; and the City has no obligation to levy a tax to make any payment pursuant to this contract. However, the City will adjust water rates charged its users at a level sufficient to meet the City's obligations. The City's contract obligation to purchase water from the Rural Water District extends for a term of 40 years from the date of the initial delivery of any water to the City. The contract does not contain a termination clause. In the event of any occurrence rendering the Water District incapable of performing under this contract, any successor of the Water District, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Water District.

During 2012, the City purchased 11,263,000 gallons of water from the Rural Water District for \$30,726; which includes the fixed charge of \$913 per month for twelve months. This amount has been considered to be a commodity expenditure of the Utility fund in 2012.

No provision has been made in the financial statements for the amount remaining to be paid to the Rural Water District over the life of the contract for the water to be purchased by the City.

The City's obligation will continue in effect until July 15, 2034.

NOTE 7 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

Vacation for full time employees is based on years of employment. One week is earned upon completion of the first year of service, two weeks after the second year, and three weeks after ten years of service. Employees are given compensatory time off, in lieu of cash payments, for the overtime worked. Full time employees earn four hours of sick leave for each full month of service cumulative to no more than one hundred and twenty hours. Upon termination an employee will be compensated for any earned but unused sick leave and vacation leave. Amounts paid for compensated absences are paid from the fund that corresponds to the employees duties.

NOTE 8 - LONG-TERM DEBT

KDHE Loan

In 2001, a new 4-cell sewage facility was constructed at a cost of \$1,152,740. A community development block grant from the Kansas Department of Commerce for \$400,000 was awarded to the city for the project on June 15, 2001. The city expended \$387,836 of grant proceeds. Additional financing of \$764,904 was obtained from the Kansas Department of Health and Environment with a loan agreement executed on May 22, 2001. Semi-annual payments of \$25,842.51 began on March 1, 2003. Beginning September 1, 2008, the payment schedule was revised and the remaining balance due was scheduled to be paid with twenty-nine semi-annual payments of \$25,048.90.

General Obligation Bonds

To finance a water system upgrade, the city issued general obligation bonds on October 12, 2011 in the amount of \$359,000. The United States Department of Agriculture-Rural Development purchased all of these bonds. The bonds carry an interest rate of 3%. Annual redemptions payments began on October 12, 2012. In January 2013, the City paid the bonds in full.

City of Alta Vista
Wabaunsee County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2012

NOTE 8 - LONG-TERM DEBT (CONT)

Changes in long term liabilities for the year ended December 31, 2012 were as follows:

	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Payable January 1	Additions	Reductions/ Payments	Balance Payable December 31	Interest Paid
General Obligation Bonds									
Series 2011A	3.00%	10/12/2011	\$ 359,000	10/12/2051	\$ 359,000	\$ 0	\$ 4,000	\$ 355,000	\$ 10,770
KDHE loans:									
KDHE Water Pollution Control									
Revolving Fund Revenues	3.08%	4/28/2001	767,904	3/1/2022	<u>464,433</u>	<u>0</u>	<u>36,068</u>	<u>428,365</u>	<u>14,030</u>
Total long-term debt					<u>\$ 823,433</u>	<u>\$ 0</u>	<u>\$ 40,068</u>	<u>\$ 783,365</u>	<u>\$ 24,800</u>

Current maturities on long term debt and interest for the next five years and in five year increments through maturity are as follows:

	2013	2014	2015	2016	2017	2018-2022	Total
Principal							
General Obligation Bonds							
Series 2011A	\$ 355,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 355,000
KDHE loans:							
KDHE Water Pollution Rev Loan	<u>37,188</u>	<u>38,342</u>	<u>39,533</u>	<u>40,760</u>	<u>42,025</u>	<u>230,517</u>	<u>428,365</u>
Total Principal	<u>392,188</u>	<u>38,342</u>	<u>39,533</u>	<u>40,760</u>	<u>42,025</u>	<u>230,517</u>	<u>783,365</u>
Interest							
General Obligation Bonds	3,151	0	0	0	0	0	3,151
Series 2011A							
KDHE loans:							
KDHE Water Pollution Rev Loan	<u>12,910</u>	<u>11,756</u>	<u>10,565</u>	<u>9,338</u>	<u>8,073</u>	<u>19,971</u>	<u>72,613</u>
Total Interest	<u>16,061</u>	<u>11,756</u>	<u>10,565</u>	<u>9,338</u>	<u>8,073</u>	<u>19,971</u>	<u>75,764</u>
Total Principal and Interest	<u>\$ 408,249</u>	<u>\$ 50,098</u>	<u>\$ 50,098</u>	<u>\$ 50,098</u>	<u>\$ 50,098</u>	<u>\$ 250,488</u>	<u>\$ 859,129</u>

City of Alta Vista
Wabaunsee County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2012

NOTE 9 - FUND TRANSFERS

The sewer fund made a transfer to the sewer reserve fund of \$3,000 pursuant to K.S.A. 12-631o. In addition a transfer of \$23,000 was made from the gas utility to the sewer utility pursuant to K.S.A. 12-825d.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Commercial insurance is purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

NOTE 11 – SALE OF GAS UTILITY

On April 7, 2009, the citizens of Alta Vista approved the sale of the gas utility system to Kansas Gas Service. After receiving approval from the Kansas Corporation Commission, the city entered into a contract to sell the system for \$420,000 effective June 1, 2009. The city retained unpaid accounts receivable for services prior to that date. The city has no other obligation in regard to the gas utility other than retained liabilities arising out of, or related to, the city's ownership of assets and/or the operation of the gas utility.

NOTE 12 – WATER PROJECT

The City applied for loan and grant funds to fund a water project with the estimated cost of \$879,000. On July 26, 2010, the City was notified that it had been approved for an USDA Rural Development loan in the amount of \$359,000. On August 4, 2010, the City was notified that it had received a \$500,000 Small Cities Community Development Block Grant. The city agreed to provide at least \$20,000 from its own funds. The project was completed in 2012 at a total cost of \$890,424 with expenditures for the project from the city general, water funds, and water project funds.

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 1

Summary of Expenditures - Actual and Budget
Regulatory Basis
Budgeted Funds Only
For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 152,282	\$ 0	\$ 152,282	\$ 115,741	\$ 36,541
Special Purpose Funds					
Special park	1,586	0	1,586	1,207	379
Special highway	11,390		11,390	0	11,390
Bond and Interest					
Bond and interest	13,074	0	13,074	0	13,074
Business Funds					
Gas utility	23,000	0	23,000	23,000	-
Sewer utility	95,733	0	95,733	92,857	2,876
Water utility	121,435	0	121,435	109,183	12,252
Refuse utility	32,000	0	32,000	29,919	2,081

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Wabaunsee County	\$ 101,403	\$ 100,619	\$ 102,723	\$ (2,104)
Liquor tax	0	0	0	0
Franchise taxes	22,758	21,501	23,250	(1,749)
Total Taxes	124,161	122,120	125,973	(3,853)
Intergovernmental				
FEMA & Kansas Emergency Prep	0	0	0	0
Sales tax	17,315	17,794	15,900	1,894
Total Intergovernmental	17,315	17,794	15,900	1,894
Licenses and Permits				
Licenses, Permits, and Fines	1,449	1,894	2,500	(606)
Use of Money and Property				
Interest on deposits	2,324	1,482	1,500	(18)
Miscellaneous Revenue				
Other	5,097	1,599	3,500	(1,901)
Operating Transfers				
Gas utility	0	0	0	0
Total Transfers	0	0	0	0
Total Cash Receipts	\$ 150,346	\$ 144,889	\$ 149,373	\$ (4,484)

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures				
General				
Personal	\$ 23,799	\$ 22,462	\$ 24,630	\$ 2,168
Contractual	23,016	18,160	10,967	(7,193)
Commodities	24,367	5,677	20,000	14,323
Capital outlay	0	0	1,000	1,000
Total General	71,182	46,299	56,597	10,298
Fire Department				
Personal	0	0	0	0
Contractual	4,628	4,156	6,200	2,044
Commodities	9,946	7,486	4,500	(2,986)
Capital outlay	0	0	5,000	5,000
Total Fire Department	14,574	11,642	15,700	4,058
Public Safety				
Personal	0	0	0	0
Contractual	10,254	9,686	15,100	5,414
Commodities	155	75	1,000	925
Capital outlay	0	0	1,000	1,000
Total Public Safety	10,409	9,761	17,100	7,339
Parks Department				
Personal	0	0	0	0
Contractual	1,851	2,067	5,000	2,933
Commodities	404	377	1,000	623
Capital outlay	0	0	1,000	1,000
Total Parks Department	2,255	2,444	7,000	4,556
Street Department				
Personal	14,770	23,094	18,885	(4,209)
Contractual	8,484	4,034	10,000	5,966
Commodities	10,467	18,467	27,000	8,533
Capital outlay	0	0	0	0
Adjustment for qualifying budget credits	0	0	0	0
Total Street Department	33,721	45,595	55,885	10,290
Operating transfers	0	0	0	0
Total Expenditures	\$ 132,141	\$ 115,741	\$ 152,282	\$ 36,541

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
Total Cash Receipts				
Carried Forward	\$ 150,346	\$ 144,889	\$ 149,373	\$ (4,484)
Total Expenditures				
Carried Forward	<u>132,141</u>	<u>115,741</u>	<u>152,282</u>	<u>36,541</u>
Receipts Over (Under) Expenditures	18,205	29,148	<u>\$ (2,909)</u>	<u>\$ 32,057</u>
Unencumbered Cash Balance, January 1	60,790	78,995		
Prior Year Cancelled Encumbrance	<u>0</u>	<u>7,000</u>		
Unencumbered Cash Balance, December 31	<u>\$ 78,995</u>	<u>\$ 115,143</u>		

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2B

SPECIAL PURPOSE FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

SPECIAL PARKS FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Liquor tax	\$ 0	\$ 0	\$ 0	\$ 0
Other	222	185	0	185
Total Cash Receipts	222	185	0	185
Expenditures				
Park expenditures	0	1,207	1,586	379
Adjustment for qualifying budget credits	0	0	0	0
Total Expenditures	0	1,207	1,586	379
Receipts Over (Under) Expenditures	222	(1,022)	\$ (1,586)	\$ 564
Unencumbered Cash Balance, January 1	1,586	1,808		
Unencumbered Cash Balance, December 31	\$ 1,808	\$ 786		

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2C

SPECIAL PURPOSE FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

SPECIAL HIGHWAY FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
State of Kansas	\$ 11,222	\$ 11,490	\$ 11,390	\$ 100
Expenditures				
Street repair & maintenance	<u>36,288</u>	<u>0</u>	<u>11,390</u>	<u>11,390</u>
Receipts Over (Under) Expenditures	(25,066)	11,490	<u>\$ 0</u>	<u>\$ 11,490</u>
Unencumbered Cash Balance, January 1	<u>97,304</u>	<u>72,238</u>		
Unencumbered Cash Balance, December 31	<u>\$ 72,238</u>	<u>\$ 83,728</u>		

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2D

SPECIAL PURPOSE FUND
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

EQUIPMENT RESERVE

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Transfer from general	\$ 0	\$ 0
Other receipts	<u>0</u>	<u>0</u>
Total Cash Receipts	0	0
Expenditures		
Equipment	<u>0</u>	<u>27,100</u>
Receipts Over (Under) Expenditures	0	(27,100)
Unencumbered Cash Balance, January 1	<u>52,229</u>	<u>52,229</u>
Unencumbered Cash Balance, December 31	<u>\$ 52,229</u>	<u>\$ 25,129</u>

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2E

SPECIAL PURPOSE FUND
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

CAPITAL IMPROVEMENT

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Transfer from general	\$ 0	\$ 0
Expenditures		
Capital improvements	<u>90,453</u>	<u>0</u>
Receipts Over (Under) Expenditures	(90,453)	0
Unencumbered Cash Balance, January 1	<u>103,374</u>	<u>12,921</u>
Unencumbered Cash Balance, December 31	<u>\$ 12,921</u>	<u>\$ 12,921</u>

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2F

BOND AND INTEREST FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

BOND AND INTEREST

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Wabaunsee County	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures				
Temporary notes				
Principal	0	0	13,074	13,074
Interest	0	0	0	0
Cash basis reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>13,074</u>	<u>13,074</u>
Receipts Over (Under) Expenditures	0	0	<u>\$ (13,074)</u>	<u>\$ 13,074</u>
Unencumbered Cash Balance, January 1	<u>13,074</u>	<u>13,074</u>		
Unencumbered Cash Balance, December 31	<u><u>\$ 13,074</u></u>	<u><u>\$ 13,074</u></u>		

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2G

CAPITAL PROJECT FUND
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

WATER SYSTEM IMPROVEMENTS

	2011	2012
Cash Receipts		
CDBG grant	\$ 377,634	\$ 122,366
USDA loan proceeds	359,000	0
Transfer in	190,664	0
Total Cash Receipts	927,298	122,366
Expenditures		
Water system improvements	765,177	84,849
Bond and interest payments	0	14,770
Total Expenditures	765,177	99,619
Receipts Over (Under) Expenditures	162,121	22,747
Unencumbered Cash Balance, January 1	0	162,121
Unencumbered Cash Balance, December 31	\$ 162,121	\$ 184,868

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2H

BUSINESS FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

GAS UTILITY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sales to customers	\$ 815	\$ 187	\$ 0	\$ 187
Other receipts	0	0	0	0
Penalties and connection fees	0	0	0	0
Total Cash Receipts	815	187	0	187
Expenditures				
Personal services	0	0	0	0
Contractual services	0	0	0	0
Commodities	0	0	0	0
Transfer out	218,664	23,000	23,000	0
Total Expenditures	218,664	23,000	23,000	0
Receipts Over (Under) Expenditures	(217,849)	(22,813)	<u>\$ (23,000)</u>	<u>\$ 187</u>
Unencumbered Cash Balance, January 1	649,953	432,104		
Unencumbered Cash Balance, December 31	<u>\$ 432,104</u>	<u>\$ 409,291</u>		

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 21

BUSINESS FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

SEWER UTILITY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sales to customers	\$ 69,257	\$ 68,573	\$ 75,000	\$ (6,427)
Transfers in	28,000	23,000	23,000	0
Total Cash Receipts	97,257	91,573	98,000	(6,427)
Expenditures				
Personal services	12,740	11,421	16,135	4,714
Contractual services	16,301	18,404	12,750	(5,654)
Commodities	16,623	9,934	13,750	3,816
Capital outlay	0	0	0	0
Transfer to sewer reserve	3,000	3,000	3,000	0
Principal & interest	50,098	50,098	50,098	0
Total Expenditures	98,762	92,857	95,733	2,876
Receipts over (under) Expenditures	(1,505)	(1,284)	\$ 2,267	\$ (3,551)
Unencumbered Cash Balance, January 1	6,855	5,350		
Unencumbered Cash Balance, December 31	\$ 5,350	\$ 4,066		

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2J

BUSINESS FUND
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

SEWER RESERVE

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Transfer from sewer utility	\$ 3,000	\$ 3,000
Expenditures		
Sewer maintenance	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	3,000	3,000
Unencumbered Cash Balance, January 1	<u>27,000</u>	<u>30,000</u>
Unencumbered Cash Balance, December 31	<u>\$ 30,000</u>	<u>\$ 33,000</u>

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2K

BUSINESS FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

WATER UTILITY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sales to customers	\$ 97,912	\$ 103,851	\$ 115,000	\$ (11,149)
Other	7,471	5,947	0	5,947
Total Cash Receipts	105,383	109,798	115,000	(5,202)
Expenditures				
Personal services	29,997	27,903	28,075	172
Commodities	11,150	9,131	10,500	1,369
Water purchased	32,070	30,726	32,000	1,274
Contractual services	30,557	41,423	50,860	9,437
Temporary notes paid	0	0	0	0
Capital outlay	0	0	0	0
Total Expenditures	103,774	109,183	121,435	12,252
Receipts Over (Under) Expenditures	1,609	615	<u>\$ (6,435)</u>	<u>\$ 7,050</u>
Unencumbered Cash Balance, January 1	25,119	26,728		
Unencumbered Cash Balance, December 31	<u>\$ 26,728</u>	<u>\$ 27,343</u>		

See Accompanying Auditors' Report.

The City of Alta Vista
Wabaunsee County, Kansas

Schedule 2L

BUSINESS FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Year Ended December 31, 2011

REFUSE UTILITY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sales to customers	\$ 28,051	\$ 29,941	\$ 30,000	\$ (59)
Expenditures				
Personal services	384	384	500	116
Contractual services	<u>28,329</u>	<u>29,535</u>	<u>31,500</u>	<u>1,965</u>
Total Expenditures	<u>28,713</u>	<u>29,919</u>	<u>32,000</u>	<u>2,081</u>
Receipts Over (Under) Expenditures	(662)	22	<u>\$ (2,000)</u>	<u>\$ 2,022</u>
Unencumbered Cash Balance, January 1	<u>5,352</u>	<u>4,690</u>		
Unencumbered Cash Balance, December 31	<u>\$ 4,690</u>	<u>\$ 4,712</u>		

See Accompanying Auditors' Report.